

Water Supply and Rates 2009 Outlook

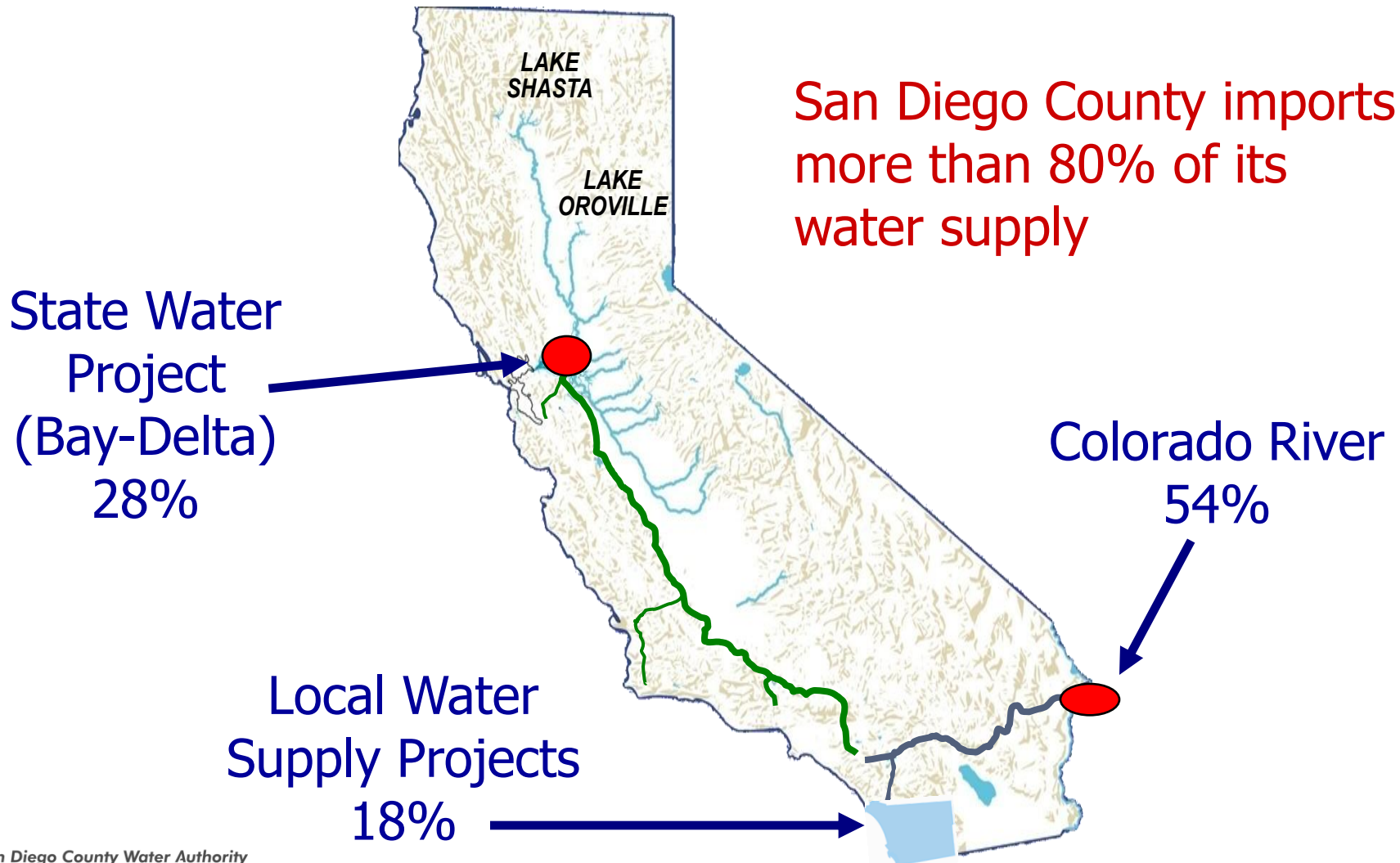


City of San Diego
Natural Resources and Culture Committee
March 25, 2009



San Diego County's Water Sources

San Diego County imports more than 80% of its water supply





Three Challenges to Our Water Supply

1. Regulatory

- Pumping restrictions are sharply limiting imported water from Northern California

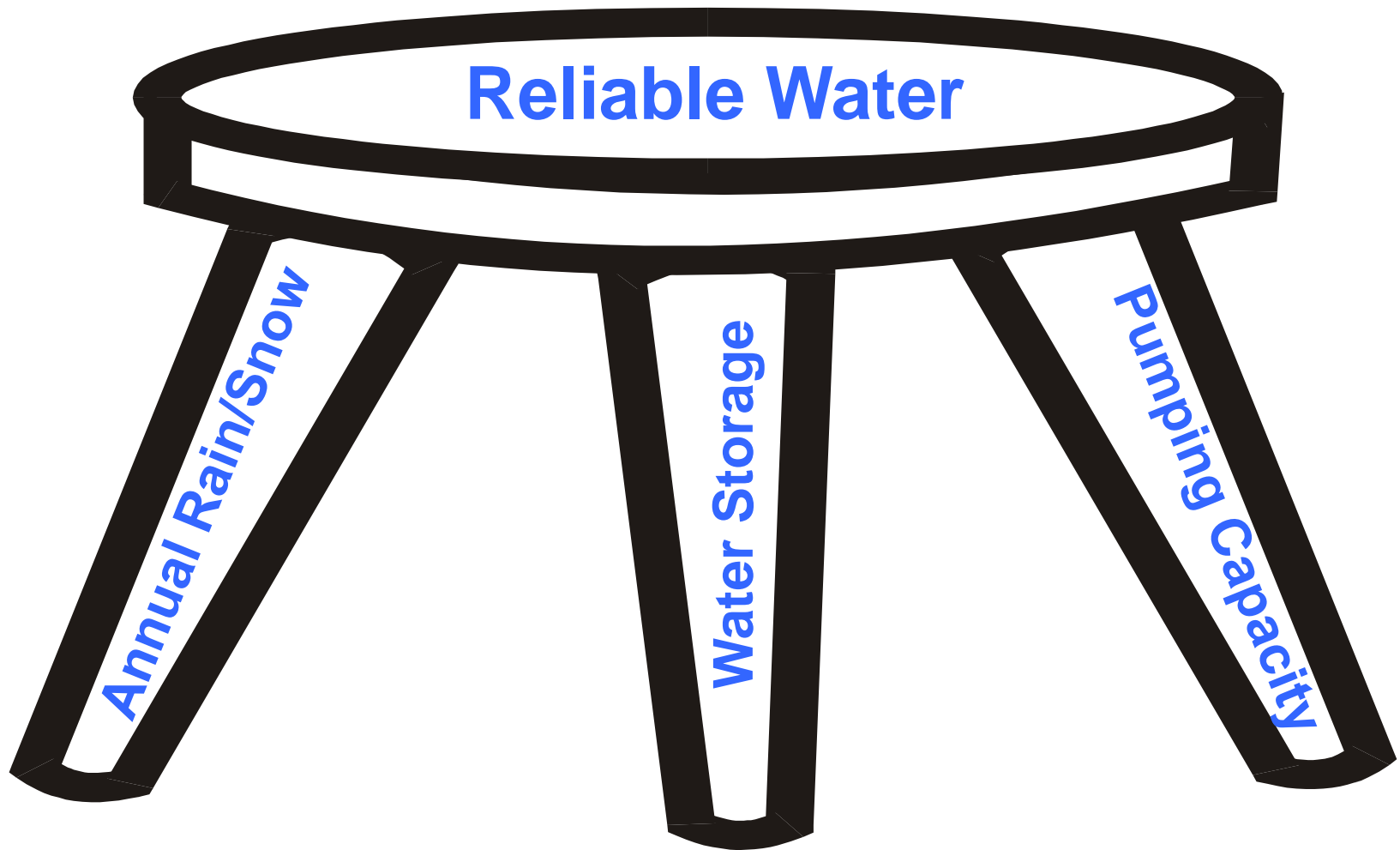
2. Drought

- Last three years in California
- 8 of last 10 on the Colorado River

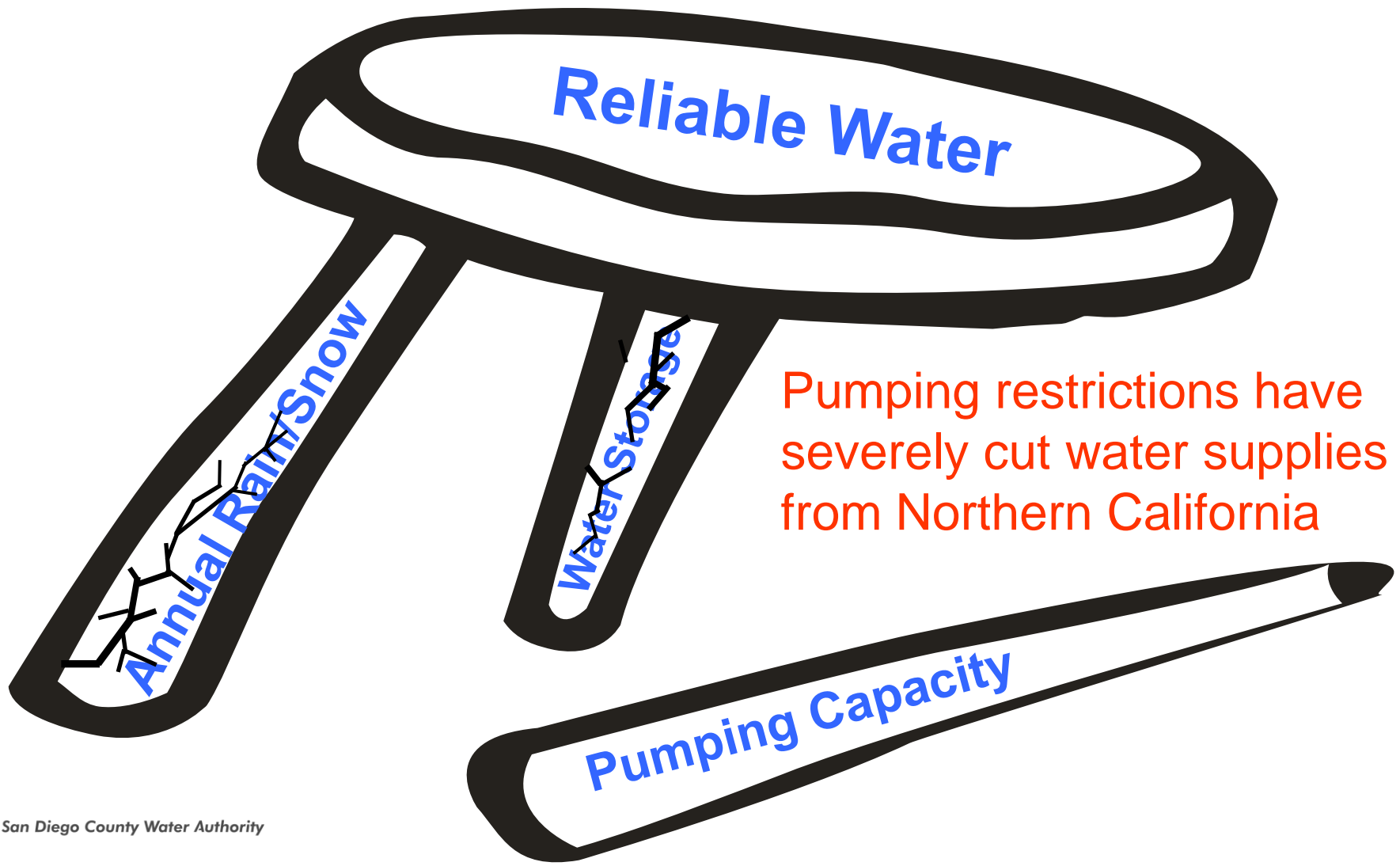
3. Low storage

- Major reservoirs have been drawn down to low levels

Water Supply Reliability

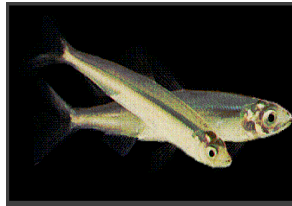


Water Reliability in 2009

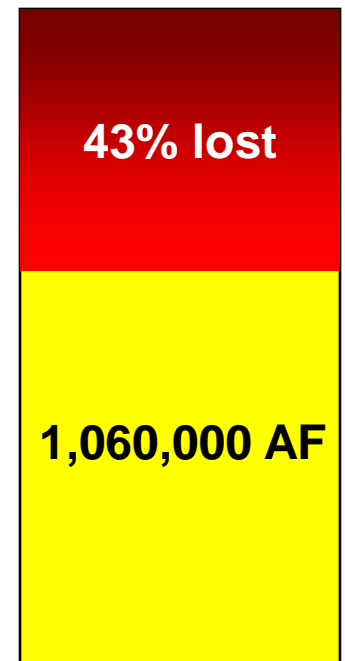
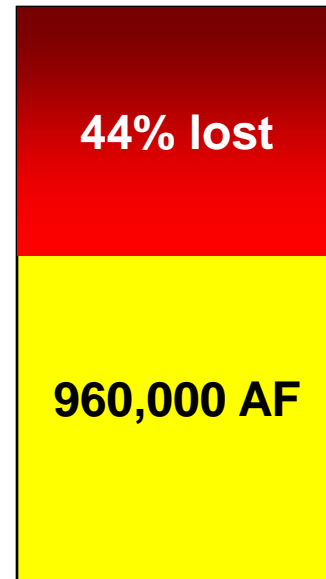
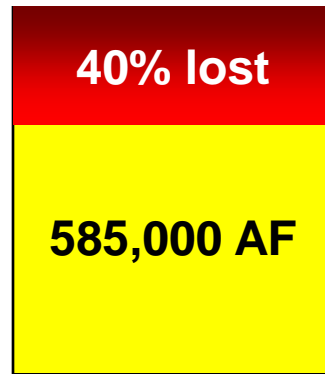


Delta Smelt Water Supply Impacts

Reductions in supply from State Water Project due to Delta smelt pumping restrictions. More restrictions could be imposed this year.



Delta smelt
(2" long)



Drier Years

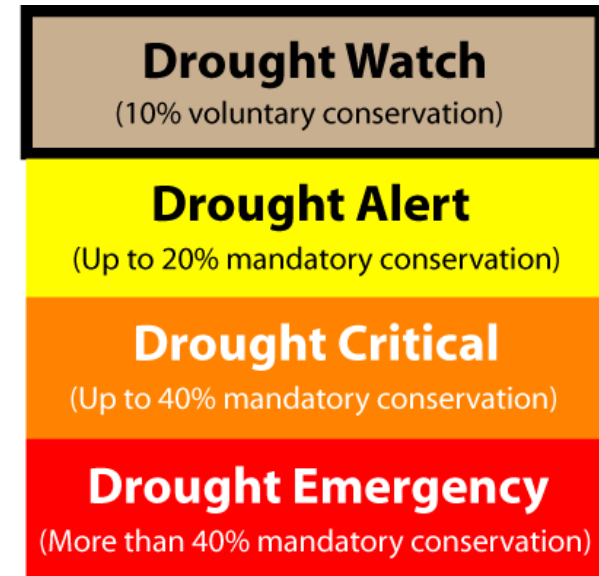
Wetter Years

AF = Acre-feet. One acre-foot = 325,900 gallons.

2009 Water Shortages Likely

- “Drought Watch” condition now
- Shortage allocation from MWD likely
 - Decision on water shortage allocation in April
- Severity of shortage dependent upon:
 - Additional regulatory restrictions
 - Final winter rain/snowpack levels
 - Storage levels


We Are Here



The Impact on Rates

\$	\$\$	\$\$\$	\$\$\$\$
Colorado River Water	State Water Project	Spot Water Transfers	Loss of Sales (Shortage)
<2003	2003-2007	2008>	2009-10?

- Supply challenges make securing water more expensive
- Shift to more-expensive supplies is driving up the cost of water from MWD, the Water Authority's main supplier
- Water Authority passes increased costs to member agencies
- Member (retail) agencies pass costs to ratepayers



State Water Project Supply Costs

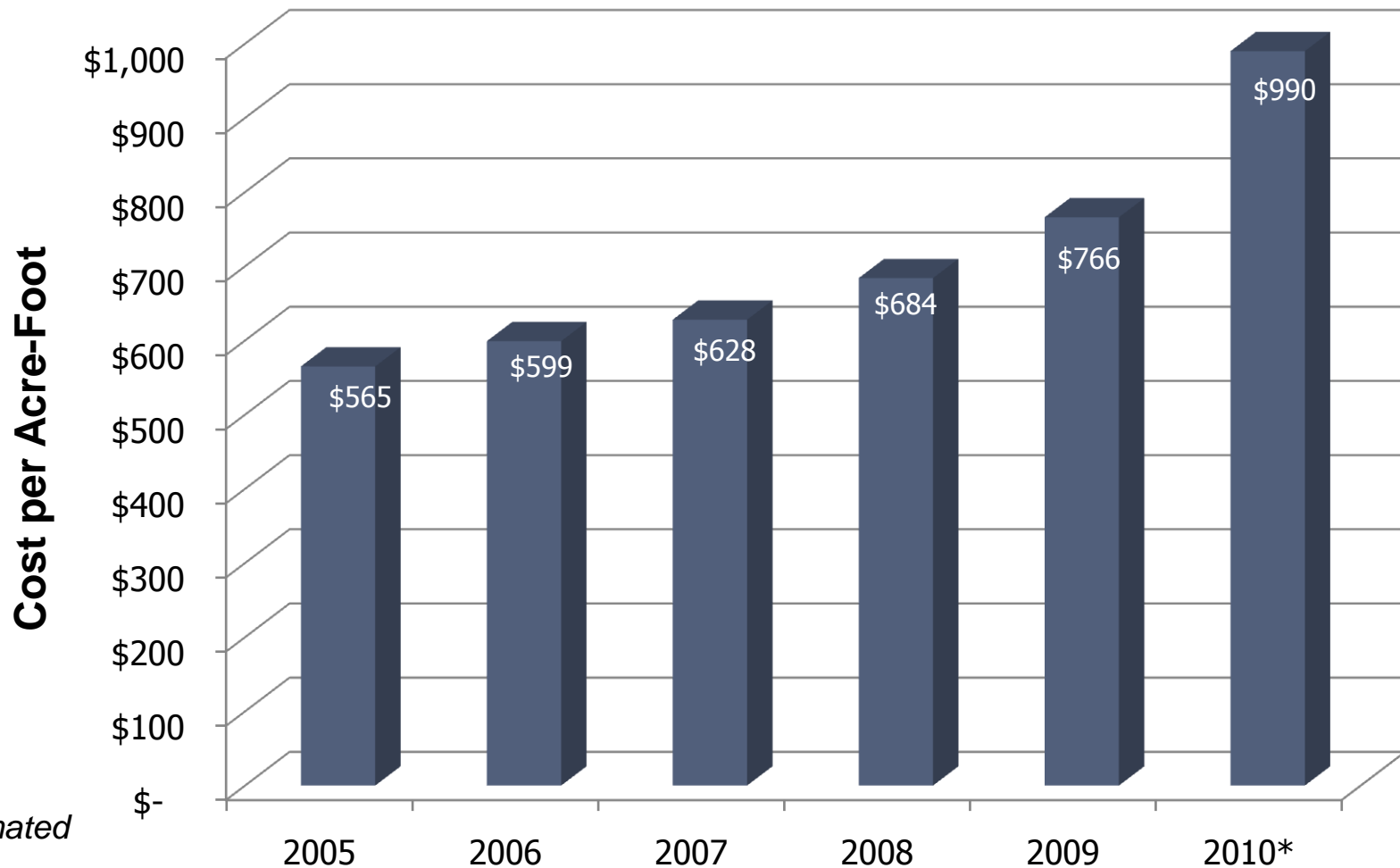
- SWP problems are driving two-thirds of projected rate increases from MWD
- MWD has ~\$400 million in fixed costs annually from the State Water Project
 - Fixed costs are spread over the number of acre-feet MWD has to sell
 - The less SWP water it receives, the more each acre-foot costs MWD



Controlling Costs in Escalating Rate Environment

- Representation on MWD Board
 - Advocating/supporting Bay-Delta fix
 - Water rates and water supply reliability greatly impacted by Bay-Delta challenges
 - Advocating cost control/prioritization
- Focus on efficient Water Authority operations and projects
 - Comprehensive Reliability and Cost Assessment Process (CRACA)
- Long-term supply diversity
 - Reduces exposure to MWD shortages and rate spikes

Water Authority Wholesale Treated Water Rate



Long-Term Water Supply Outlook

- Water Authority aggressively working to enhance water supply reliability
 - \$3.7 billion Capital Improvement Program
 - Expand development of local supplies
 - Recycled water
 - Groundwater
 - Seawater desalination
 - Conservation
 - Secure reliable new imported water supplies
 - Up to 280,000 acre-feet annually from long-term ag-to-urban transfers, canal-lining agreements
 - Pursue immediate and long-term fixes to Bay-Delta environmental/supply problems



Recycled water project

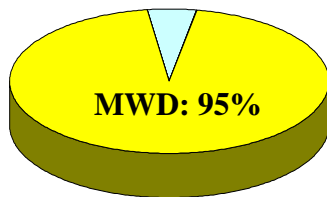


Bay-Delta channel and levees

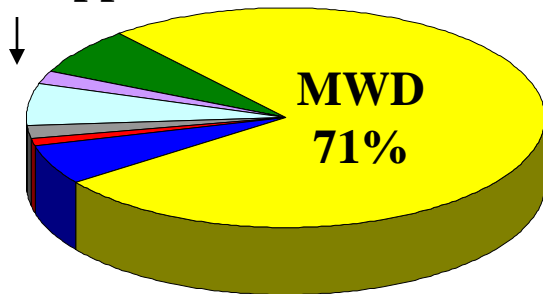
Diversifying San Diego County's Water Supply Portfolio

1991

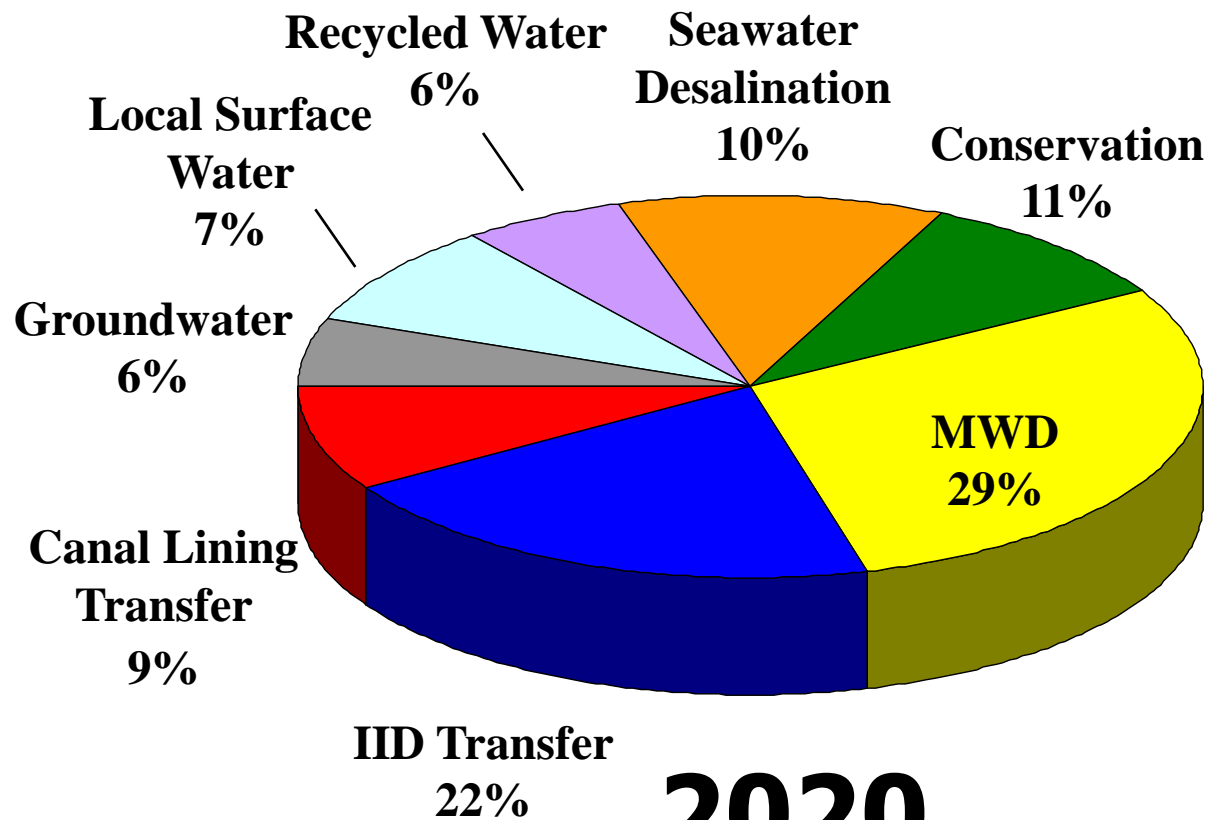
Local Supplies: 5%



Local & QSA
Supplies 29%



2008



2020



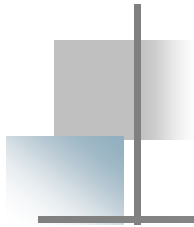
What can YOU do?

- Businesses/residents MUST save more water now
 - Make immediate changes to eliminate water waste
 - Take advantage of conservation rebates
 - Visit www.20gallonchallenge.com for ideas
 - Adopt permanent ethic of conservation/efficiency
- Support water reliability efforts
 - Learn about drought ordinances/restrictions put in place by your water agency
 - Push state leaders to fix Bay-Delta
 - Support expansion of local supply projects
 - Desalination, recycling, groundwater



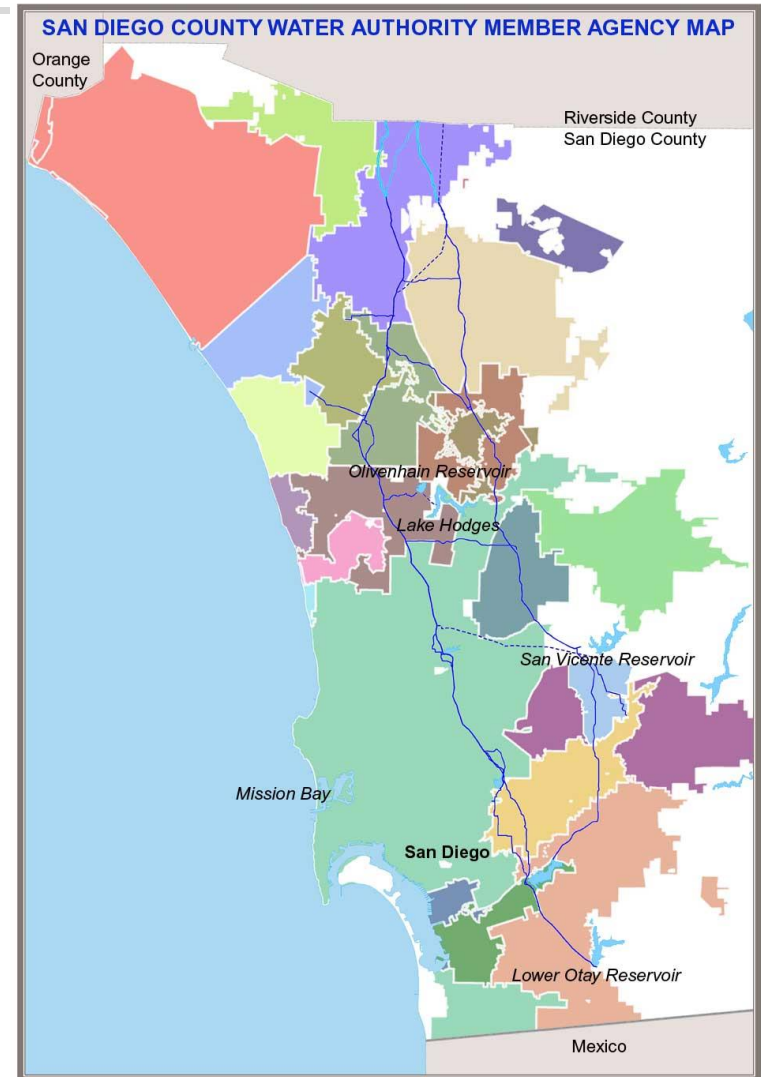
Questions?

San Diego County Water Authority
Speakers Bureau Requests and Information
speakersbureau@sdcwa.org
(858) 522-6708



Water Authority Background

- Wholesale water agency created by State Legislature in 1944
 - 35-member board of directors
 - Serves 3 million people and region's \$171 billion economy
- Service area
 - 920,000 acres
 - 97% of county's population





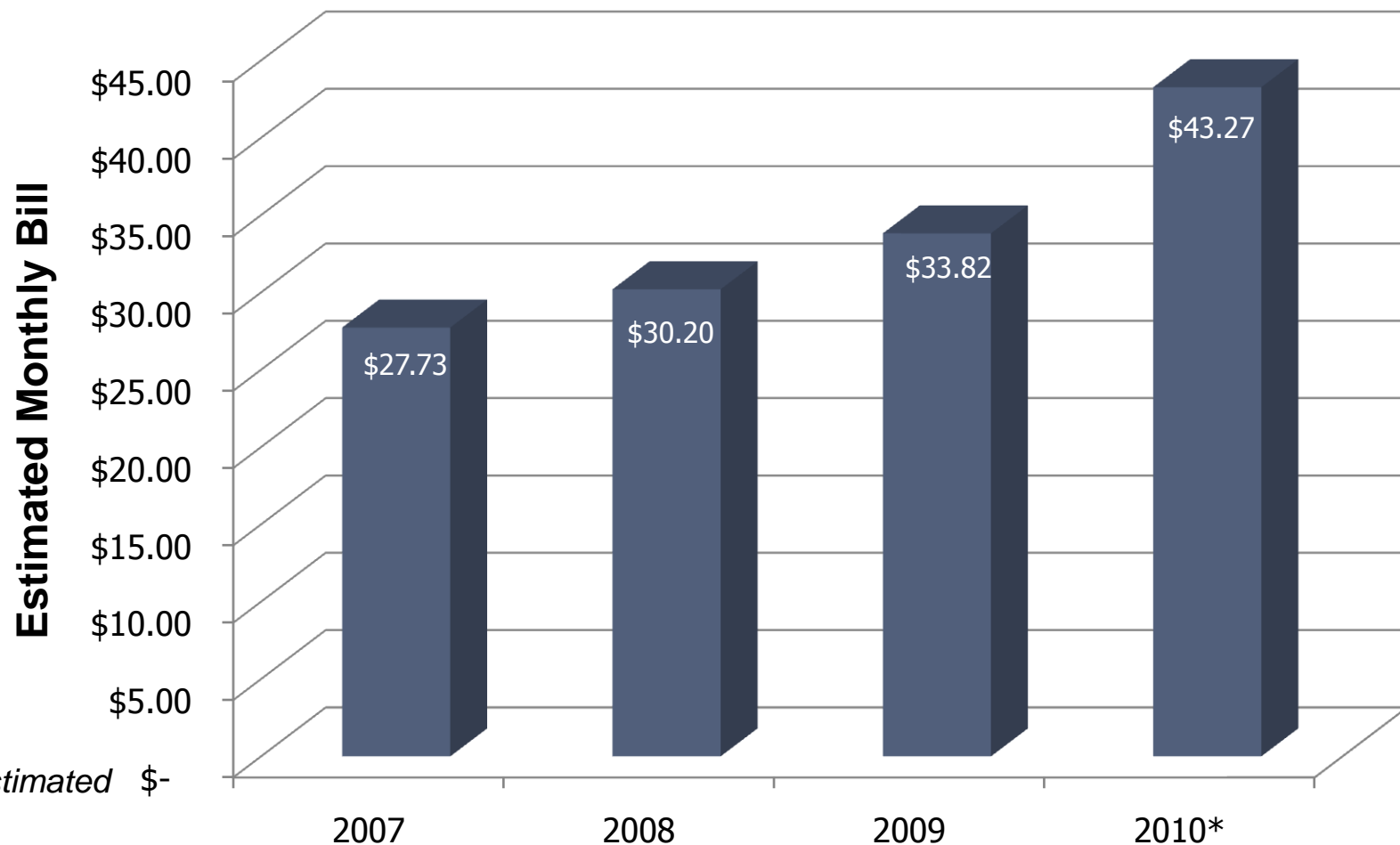
MWD's State Water Project Costs

- Low allocations of State Water Project drive MWD's rates higher

% Allocation	# of Acre-Feet	Cost/Acre-Foot
15%	315,000	\$1,272
35%	735,000	\$594
50%	1,050,000	\$449
85%	1,785,000	\$311

Estimated Monthly Household Wholesale Water Bill

Estimated Monthly Bill



* estimated \$-